



House of Representatives

File No. 792

General Assembly

January Session, 2003

(Reprint of File No. 134)

House Bill No. 6298
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
May 30, 2003

AN ACT AUTHORIZING MULTIJURISDICTIONAL LOTTERY GAMES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 12-806 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2003*):

4 (b) The corporation shall have the following powers:

5 (1) To receive as transferee from the state of Connecticut all of the
6 tangible and intangible assets constituting the lottery including the
7 exclusive right to operate the lottery as the exclusive lottery of the state
8 and, subject to subsection (b) of section 12-808, to assume and
9 discharge all of the agreements, covenants and obligations of the
10 Division of Special Revenue entered into which constitute a part of the
11 operation and management of the lottery;

12 (2) To operate and manage the lottery consistent with the provisions
13 of sections 1-120, 1-121, 1-125, 12-557e, 12-563, 12-563a, 12-564, 12-566,
14 12-567, 12-568a and 12-569, subsection (d) of section 12-574 and

15 sections 12-800 to 12-818, inclusive, and as specifically provided in
16 section 12-812;

17 (3) To have perpetual succession as a body corporate and to adopt
18 bylaws, policies and procedures for the operation of its affairs and
19 conduct of its businesses;

20 (4) To introduce new lottery games, modify existing lottery games,
21 utilize existing and new technologies, determine distribution channels
22 for the sale of lottery tickets and, to the extent specifically authorized
23 by regulations adopted by the Division of Special Revenue pursuant to
24 chapter 54, introduce instant ticket vending machines, kiosks and
25 automated wagering systems or machines, with all such rights being
26 subject to regulatory oversight by the Division of Special Revenue;

27 (5) To establish an annual budget of revenues and expenditures,
28 along with reasonable reserves for working capital, capital
29 expenditures, debt retirement and other anticipated expenditures, in a
30 manner and at levels considered by the board of directors as
31 appropriate and prudent;

32 (6) To adopt such administrative and operating procedures which
33 the board of directors deems appropriate;

34 (7) To enter into agreements with one or more states or territories of
35 the United States for the promotion and operation of joint lottery
36 games and to continue to participate in any joint lottery game in which
37 the corporation participates on July 1, 2003, regardless of whether any
38 government authorized lottery operated outside of the United States
39 participates in such game;

40 (8) Subject to the provisions of section 12-815, to enter into
41 agreements with vendors with respect to the operation and
42 management of the lottery, including operation of lottery terminals,
43 management services, printing of lottery tickets, management
44 expertise, marketing expertise, advertising or such other goods or
45 services as the board of directors deems necessary and appropriate;

46 (9) To purchase or lease operating equipment, including, but not
47 limited to, computer gaming and automated wagering systems and to
48 employ agents or employees to operate such systems;

49 (10) To retain unclaimed prize funds as additional revenue for the
50 state, or to use unclaimed prize funds to increase sales, or to return to
51 participants unclaimed prize funds in a manner designed to increase
52 sales;

53 (11) To establish prize reserve accounts as the board of directors
54 deems appropriate;

55 (12) To pay lottery prizes as awarded under section 12-812, to
56 purchase annuities to fund such prizes, and to assure that all annuities
57 from which payments to winners of lottery prizes are made are
58 invested in instruments issued by agencies of the United States
59 government and backed by the full faith and credit of the United
60 States, or are issued by insurance companies licensed to do business in
61 the state, provided the issuer has been determined by the Division of
62 Special Revenue to be financially stable and meets the minimum
63 investment rating as determined by the division;

64 (13) To pay or to reimburse the Division of Special Revenue, the
65 Office of Policy and Management and other affected state agencies, for
66 the reasonable direct and indirect costs of the planning for and
67 implementation of the transactions contemplated by sections 12-563a
68 and 12-800 to 12-818, inclusive, including, without limitation, expenses
69 related to such transactions arising prior to June 14, 1996, and the
70 operation and management of the lottery, including, without
71 limitation, regulatory oversight of the corporation, costs arising
72 directly or indirectly from the licensing of lottery agents, performance
73 of state police background investigations, and the planning for and
74 implementation of the transactions contemplated by section 12-808;

75 (14) In the event that the operation or management of the
76 corporation becomes subject to the federal gaming occupation tax, to
77 pay such tax on behalf of lottery sales agents and to assist agents

78 subject thereto;

79 (15) To determine the commissions payable to lottery sales agents,
80 provided any agent's commission shall not average less than five per
81 cent of such agent's lottery sales;

82 (16) To invest in, acquire, lease, purchase, own, manage, hold and
83 dispose of real property and lease, convey or deal in or enter into
84 agreements with respect to such property on any terms necessary or
85 incidental to carrying out the purposes of sections 12-563a and 12-800
86 to 12-818, inclusive, provided such transactions shall not be subject to
87 approval, review or regulation pursuant to title 4b or any other statute
88 by any state agency, except that real property transactions shall be
89 subject to review by the State Properties Review Board;

90 (17) To borrow money for the purpose of obtaining working capital;

91 (18) To hold patents, copyrights, trademarks, marketing rights,
92 licenses or any other evidence of protection or exclusivity issued under
93 the laws of the United States or any state;

94 (19) To employ such assistants, agents and other employees as may
95 be necessary or desirable to carry out its purposes in accordance with
96 sections 12-563a and 12-800 to 12-818, inclusive, to fix their
97 compensation and, subject to the provisions of subsections (e) and (f)
98 of section 12-802, establish all necessary and appropriate personnel
99 practices and policies; to engage consultants, accountants, attorneys
100 and financial and other independent professionals as may be necessary
101 or desirable to assist the corporation in performing its purposes in
102 accordance with sections 12-563a and 12-800 to 12-818, inclusive;

103 (20) To make and enter into all contracts and agreements necessary
104 or incidental to the performance of its duties and the execution of its
105 powers under sections 12-563a and 12-800 to 12-818, inclusive;

106 (21) In its own name, to sue and be sued, plead and be impleaded,
107 adopt a seal and alter the same at pleasure;

108 (22) Subject to the approval of the board and to the requirement to
109 remit excess lottery funds to the General Fund as set forth in section
110 12-812, to invest any funds not needed for immediate use or
111 disbursement, including any funds held in approved reserve accounts,
112 in investments permitted by sections 3-20 and 3-27a for the proceeds of
113 state bonds;

114 (23) To procure insurance against any loss in connection with its
115 property and other assets in such amounts and from such insurers as it
116 deems desirable;

117 (24) To the extent permitted under any contract with other persons
118 to which the corporation is a party, to consent to any termination,
119 modification, forgiveness or other change of any term of any
120 contractual right, payment, royalty, contract or agreement of any kind;

121 (25) To acquire, lease, purchase, own, manage, hold and dispose of
122 personal property, and lease, convey or deal in or enter into
123 agreements with respect to such property on any terms necessary or
124 incidental to the carrying out of these purposes;

125 (26) To account for and audit funds of the corporation;

126 (27) To pay or provide for payment from operating revenues all
127 expenses, costs and obligations incurred by the corporation in the
128 exercise of the powers of the corporation under sections 12-563a and
129 12-800 to 12-818, inclusive; and

130 (28) To exercise any powers necessary to carry out the purposes of
131 sections 12-563a and 12-800 to 12-818, inclusive.

This act shall take effect as follows:	
Section 1	July 1, 2003

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Gaming Policy Bd.	GF	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill is not anticipated to result in any fiscal impact to the state. Current law is unclear about whether the Connecticut Lottery Corporation (CLC) can enter into agreements to promote and operate joint lottery games (such as Powerball) with US territories (such as the US Virgin Islands) or government-authorized lotteries operated outside the United States (such as the Mexican National Lottery). The amendment clarifies that the CLC has the authority to enter into such agreements for games in which the CLC currently is a participant. This will enable the CLC to continue participating in the Powerball game if such entities begin participating in the game in the future.

Senate "A" is not anticipated to result in any immediate fiscal impact to the state. However if a foreign government lottery organization (other than a Canadian lottery) begins to participate in a joint lottery game (such as Powerball), the amendment may force Connecticut to withdraw. This may result in a future General Fund revenue loss.

House "A": 1) allows the CLC to participate in joint games in which it participates on July 1, 2003, and 2) eliminates the specific reference to agreements with Canada, which was contained in Senate "A". The fiscal impact of House "A" is outlined in the initial paragraph

OLR Bill Analysis

HB 6298 (as amended by House "A")*

AN ACT AUTHORIZING MULTIJURISDICTIONAL LOTTERY GAMES**SUMMARY:**

This bill allows the Connecticut Lottery Corporation (CLC) to enter into agreements with U. S. territories to promote and operate joint lottery games (e.g. Powerball). It allows CLC to continue to participate in any joint lottery games in which it participates on July 1, 2003, regardless of whether any government-authorized lottery outside of the United States is a participant. Current law limits the agreements to other states.

*House Amendment "A" allows CLC to continue to participate in joint games in which it participates on July 1, 2003, and eliminates the specific reference to agreements with Canada.

EFFECTIVE DATE: October 1, 2003

BACKGROUND***Legislative History***

On May 21, the Senate adopted Senate "A," which allowed CLC agreements with Canada and eliminated CLC's broad authority in the original bill to enter into agreements with government-authorized lotteries outside of the United States. On May 28, the House adopted House "A" and rejected Senate "A."

COMMITTEE ACTION

Public Safety Committee

Joint Favorable Report

Yea 20 Nay 0

